

Message Text

LIMITED OFFICIAL USE

PAGE 01 COPENH 02278 100904Z

11

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AGR-05 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 CEA-01

/109 W

----- 092824

R 091507Z JUL 76

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 2928

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC GRUSSELS

USDEL MTN GENEVA

USMISSION OECD PARIS

LIMITED OFFICIAL USE COPENHAGEN 2278

PASS AGRICULTURE

E.O. 11652: N/A

TAG: EAGR, EEC, DA

SUBJECT: DANISH FARM POLICY VIEWS

REF:STATE 153658; COPENHAGEN 2205

SUMMARY IN MAJOR POLICY SPEECH, TOP SPOKESMAN IN DANISH
FARM SECTOR HAS BLAMED LOW PRICED SOYBEANS FOR DEPRESSING

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 COPENH 02278 100904Z

DRY MILK MARKET AND EXACERBATING DAIRY SURPLUSES. HOWEVER,

IN HIS REVIEW OF PROBLEMS IN DAIRY SECTOR, HE ALSO RECOGNIZED THAT PRESENT EC STRUCTURE LEADS TO SURPLUS PRODUCTION AND THAT PRODUCER CO-RESPONSIBILITY IS UNAVOIDABLE. HE REJECTED DIRECT INCOME SUPPORT AS BASIC SOLUTION TO CAP PROBLEMS AND REITERATED DANISH AGRICULTURE'S DEMAND FOR DISCONTINUATION OF MONETARY COMPENSATORY AMOUNTS. THE SPEECH ALSO CALLED FOR INTERNATIONAL COMMODITY AGREEMENTS AND TOUCYD ON INTERNAL MARKETING PROBLEMS. END SUMMARY.

2. IN RECENT SPEECH BEFORE SEMI-ANNUAL MEETING OF DANISH AGRICULTURAL COUNCIL, ITS PRESIDENT ARNE PILEGAARD LARSEN ADMITTED THAT THE EC DAIRY INDUSTRY STRUCTURE LEADS TO SURPLUS PRODUCTION BUT HE ALSO BLAMED THE RELATIVELY LOW PRICES OF VEGETABLE PROTEIN, PARTICULARLY IMPORTED SOYBEANS, FOR DEPRESSING THE MILK PROTEIN MARKET. HE SAID DANISH FARM LEADERS ARE IN AGREEMENT WITH COPA THAT, OF VARIOUS ALTERNATIVES, PRODUCER CO-RESPONSIBILITY DURING PERIODS OF LARGE DAIRY SURPLUSES IS PREFERABLE (PROVIDED IT IS TIED TO OTHER MEASURES). MR. LARSEN SUMMARIZED A DANISH PROPOSAL FOR PREMIUM PAYMENTS TO REMOVE COWS FROM MILK PRODUCTION AS ONE MEASURE LEADING TO BADLY-NEEDED STRUCTURAL REFORM.

3. COUNCIL PRESIDENT LARSEN FELT THAT MONETARY DISEQUILIBRIUM, CAUSED BY UNEVEN ECONOMIC DEVELOPMENTS IN MEMBER COUNTRIES AND NOT INHERENT IN THE CAP ITSELF, SHOULD NOT BE ALLOWED TO BRUDEN THE AGRICULTURAL BUDGET AND PROPOSED TRANSFERRING MONETARY COMPENSATORY EXPENDITURES FROM THE AGRICULTURAL FUND TO A SEPARATE BUDGET. HE AGAIN CALLED FOR AN AUTOMATIC TIMETABLE FOR DISCONTINUING MONETARY COMPENSATORY AMOUNTS, BOTH IN DEVALUED AND REVALUED CURRENCY COUNTRIES. HE REJECTED DIRECT INCOME SUPPORT (DEFICIENCY PAYMENTS) OR A COMBINATION OF PRICE AND INCOME SUPPORT, AS PROPOSED IN A RECENT REPORT COMMISSIONED BY THE GERMAN MINISTRY OF AGRICULTURE, AS A SOLUTION TO CAP PROBLEMS.

4. IN REGARD TO LONG-TERM GLOBAL FOOD POLICIES, MR. LARSEN SAID THAT DANISH AID SHOULD GIVE PRIORITY TO INCREASING FOOD PRODUCTION IN THE DEVELOPING COUNTRIES. HE AGAIN ADVOCATED THE NECESSITY OF INTERNATIONAL COMMODITY AGREEMENTS AND THE ESTABLISHMENT OF BUFFER STOCKS TO STABILIZE PRICES AND ASSURE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 COPENH 02278 100904Z

SUPPLY LEVELS.

5. ON THE DOMESTIC FRONT, MR. LARSEN EXPRESSED CONCERN FOR DENMARK'S BACON AND BUTTER MARKET IN THE UK, WITH PROSPECTIVE RISING PRICES AND REDUCED CONSUMPTION. HE WAS PARTICULARLY DISTURBED REGARDING THE RECENT EC AGREEMENT ON NEW ZEALAND BUTTER QUOTAS FOR 1978-1980. IN RESPONSE TO CRITICISM REGARDING STAGNATION OF DANISH AGRICULTURAL PRODUCTION, MR. LARSEN

CLAIMED THAT THE BLAME COULD BE PLACED ON A 20 PERCENT HIGHER COST LEVEL AND A RATE OF INTEREST DOUBLE THAT APPLICABLE IN MOST OTHER EC COUNTRIES AS WELL AS DENMARK'S EXCESSIVE CAPITAL GAINS AND LAND TAXES.

6. HE MEETING WAS SIGNIFICANT IN THAT IT MARKED THE RE-ENROLLMENT OF THE SMALLHOLDER ASSOCIATIONS (MEMBERSHIP ABOUT 45,000) AS MEMBERS OF THE AGRICULTURAL COUNCIL AFTER BEING OUTSIDE SINCE 1939. ALTHOUGH THIS REPRESENTED A FORMALIZATION OF CLOSE COOPERATION DURING RECENT YEARS, DANISH AGRICULTURE CAN NOW MORE TRULY SPEAK WITH ONE VOICE ON IMPORTANT POLICY ISSUES.

7. COMMENT: LARSEN'S DIRECT REFERENCE TO IMPORTED SOYBEANS IN THE CONTEXT OF EC DAIRY SURPLUSES LEADS US TO BELIEVE THAT THE DANISH FARM ORGANIZATIONS MUST HAVE RECEIVED SOME SORT OF COMMITMENT THAT THE EC COMMISSION'S PROPOSALS FOR DEALING WITH DAIRY PROBLEMS WOULD NOT INCLUDE A DIRECT TAX ON VEGETABLE PROTEIN BUT ONLY ON OILS AND FATS. LATTER APPEARS TO BE CONFIRMED BY ILLINOIS DAIRY PROPOSALS. BECAUSE OF ITS LARGE FEEDING REQUIREMENTS, IT WILL BE SURPRISING IF DENMARK IS IN FACT VERY ENTHUSIASTIC ABOUT THE COMMISSION'S OIL AND FAT TAX PROPOSAL WHICH WILL AT LEAST INDIRECTLY RAISE FEED COSTS.
DEA

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURE, POLICIES, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976COPENH02278
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760266-1015
From: COPENHAGEN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760776/aaaacoeq.tel
Line Count: 141
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 153658, 76 COPENHAGEN 2205
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2004 by greeneet>; APPROVED <06 AUG 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DANISH FARM POLICY VIEWS
TAGS: EAGR, DA, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006